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Draft Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area

Proposed by the Legal and Technical Commission

Preamble

In accordance with the United Nations Convention on the Law of the Sea, the seabed and ocean floor and subsoil thereof beyond the limits of national jurisdiction, and its resources, are the common heritage of mankind. All rights in such resources are vested in mankind as a whole, on whose behalf the International Seabed Authority acts. The objective of these Regulations is to provide for prospecting and exploration for polymetallic nodules.

PART I - INTRODUCTION

Regulation 1

Use of terms

1. For the purposes of these Regulations:

(a) "activities in the Area" means all activities of exploration for, and exploitation of, the resources of the Area;

(b) "Agreement" means the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982;

(c) "approved plan of work" means a plan of work which has been approved by the Council in accordance with these Regulations;

(d) "Area" means the seabed and ocean floor and subsoil thereof, beyond the limits of national jurisdiction;

(e) "Authority" means the International Seabed Authority;

(f) "coordinates" means a list of the geographical coordinates of points in accordance with the most recent generally accepted international standard used by the Authority;

(g) "contractor" means a State or entity which has entered into a contract with the Authority to carry out activities in the Area and includes the Enterprise when it has entered into such a contract with the Authority;

(h) "Convention" means the United Nations Convention on the Law of the Sea of 10 December 1982;

(i) "Council" means the Council of the Authority;

(j) "Commission" means the Legal and Technical Commission, which is an organ of the Council;

(k) "Enterprise" means the organ of the Authority provided for in the Convention;

(l) "entity" means a natural or juridical person or persons or a group of such persons which possess the nationality of States Parties to the Convention or are effectively controlled by such States or their nationals, when sponsored by such States;

(m) "exploitation" means the commercial extraction of polymetallic nodules in the Area, including the construction and operation of mining, processing and transportation systems, for the production of minerals;

(n) "exploration" means searching for deposits of polymetallic nodules in the Area with exclusive rights, the analysis of such deposits, the testing of collecting systems and equipment, processing facilities and transportation systems, and the carrying out of studies of the environmental, technical, economic, commercial and other appropriate factors that must be taken into account in exploitation;

(o) "guidelines" means technical or administrative guidelines for the implementation of the rules, regulations and procedures of the Authority which may be issued from time to time with the approval of the Legal and Technical Commission;

(p) "marine environment" means the physical, chemical and biological components, conditions and factors which interact and determine the productivity, state, condition and quality of the marine ecosystem, including the coastal area, the waters of the seas and oceans and the airspace above those waters, as well as the seabed and ocean floor and subsoil thereof;

(q) "polymetallic nodules" means one of the resources of the Area consisting of deep sea accretionary deposits of oxy-hydroxides of manganese and iron, which may contain inter alia nickel, copper and cobalt, found on and within an unconsolidated sediment;

(r) "prospecting" means the search for deposits of polymetallic nodules in the Area, including estimation of the composition, sizes and distributions of polymetallic nodule deposits and their economic values, without any exclusive rights;

(s) "provisional member" means a State or entity which is a member of the Authority on a provisional basis in accordance with subparagraph (a) of paragraph 12 of section 1 of the annex to the Agreement;

(t) "registered pioneer investor" means any State, state enterprise, or entity which has registered a claim with the Preparatory Commission for the International Seabed Authority and for the International Tribunal for the Law of the Sea pursuant to the regime for pioneer investors under resolution II of the Third United Nations Conference on the Law of the Sea;

(u) "reserved area" means the area reserved for the Authority in accordance with the Convention;

(v) "resources" means all solid, liquid or gaseous mineral resources in situ in the Area at or beneath the seabed, including polymetallic nodules;

(w) "Secretary-General" means the Secretary-General of the Authority;

(x) "serious harm to the marine environment" means any effect from activities in the Area on the living or non-living components of the marine environment and associated ecosystems which represents a significant adverse change in the marine environment determined according to the rules, regulations and procedures adopted by the Authority on the basis of internationally recognized standards and practices;

(y) "State" means a State Party to the Convention and includes a State which is a provisional member of the Authority.

2. In accordance with the Agreement, its provisions and Part XI of the Convention are to be interpreted and applied together as a single instrument; these Regulations and references in these Regulations to the Convention are to be interpreted and applied accordingly.

3. These Regulations do not in any way affect the freedom of scientific research, pursuant to article 87 of the Convention, or the right to conduct marine scientific research in the Area pursuant to articles 143 and 256 of the Convention.

PART II - NOTIFICATION OF PROSPECTING

Regulation 2

Prospecting

1. Prospecting shall be conducted in accordance with the Convention and these Regulations and may commence only after the prospector has been informed by the Secretary-General that its notification has been recorded pursuant to Regulation 4, paragraph 3.

2. Prospecting shall not be undertaken in an area covered by an approved plan of work or in a reserved area; nor may there be prospecting in an area where the Council has prohibited exploitation because of the risk of serious harm to the marine environment.

3. Prospecting shall not confer on the prospector any rights with respect to resources. A prospector may, however, recover a reasonable quantity of minerals to be used for testing, and not for commercial use.

4. There shall be no time limit on prospecting except that prospecting in a particular area shall cease upon written notification to the prospector by the Secretary-General that a plan of work for exploration has been approved with regard to that area.

5. Prospecting may be conducted simultaneously by more than one prospector in the same area or areas.

Regulation 3

Notification of prospecting

1. A proposed prospector shall notify the Authority of its intention to engage in prospecting.

2. Each notification of prospecting shall be in the form prescribed in Annex 1 of these Regulations, addressed to the Secretary-General, and shall conform to the requirements of these Regulations.

3. Each notification shall be submitted:

(a) in the case of a State, by the authority designated for that purpose by it;

(b) in the case of an entity, by its designated representative; and

(c) in the case of the Enterprise, by its competent authority.

4. Each notification shall be in one of the languages of the Authority and shall contain:

(a) the name, nationality and address of the proposed prospector and its designated representative;

(b) the coordinates of the area or areas within which prospecting is to be conducted;

(c) a general description of the prospecting programme including the date of commencement and its approximate duration;

(d) a satisfactory written undertaking that the proposed prospector will:

(i) comply with the Convention and the relevant rules, regulations and procedures of the Authority concerning:

a. cooperation in the training programmes in connection with marine scientific research and transfer of technology referred to in articles 143 and 144 of the Convention; and

b. protection of the marine environment; and

(ii) accept verification by the Authority of compliance therewith.

Regulation 4

Consideration of notifications

1. The Secretary-General shall acknowledge in writing receipt of each notification submitted under Regulation 3, specifying the date of receipt.

2. The Secretary-General shall, within 30 days of receipt of the notification, inform the proposed prospector in writing if the notification includes any part of an area included in an approved plan of work, or any part of a reserved area, or any part of an area prohibited for exploitation by the Council because of the risk of serious harm to the marine environment, or if the written undertaking is not satisfactory. The Secretary-General shall also inform the proposed prospector in writing if the notification includes any part of an area included in a previous notification. The proposed prospector may amend its notification.

3. The Secretary-General shall review and act on the notification within 45 days of its receipt. If the notification conforms with the requirements of the Convention and these Regulations, the Secretary-General shall record the particulars of the notification in a register maintained for that purpose and shall inform the prospector in writing that the notification has been so recorded. If the Secretary-General determines that the notification does not conform with the requirements of the Convention and these Regulations, the Secretary-General shall provide the proposed prospector with a written statement of reasons. The proposed prospector may amend its notification.

4. The Secretary-General shall not release any particulars contained in the notification, including details of the identity of the prospector, except with the written consent of the prospector. The Secretary-General shall, however, from time to time inform all members of the Authority, without reference to a particular prospector, of the areas in which prospecting is being conducted.

Regulation 5

Annual report

1. A prospector shall inform the Secretary-General in writing of any change in the information contained in the notification.

2. A prospector shall, within 90 days of the end of each calendar year, submit a report to the Authority on the status of prospecting. Such reports shall be submitted by the Secretary-General to the Legal and Technical Commission. Each such report shall contain:

(a) a description of the status of prospecting and the results obtained;

(b) information on compliance with the undertakings referred to in Regulation 3, paragraph (4)(d); and

(c) observations on any incident involving safety at sea or accommodation with other marine activities and any location or finding in the Area of objects of an archaeological or historical nature.

3. The Secretary-General shall ensure the confidentiality of all data and information contained in the reports submitted under this regulation. Data and information of a commercially sensitive nature shall be kept confidential for a period of ten years from the date of its submission to the Authority. If, on the expiration of such period, prospecting has not yet come to an end, the prospector may request an extension of such period for a further period of up to ten years.

4. If, prior to the expiration of the period referred to in paragraph 3, the prospector applies for approval of a plan of work for exploration in respect of the same area covered by a report, or part thereof, and such plan of work is approved in accordance with these Regulations, then such commercially sensitive data and information submitted in respect of the area covered by the approved plan of work for exploration shall be kept confidential in accordance with the contract for exploration and these Regulations.

5. The Legal and Technical Commission may at any time, with the consent of the prospector concerned, authorize the Secretary-General to release data and information relating to prospecting in an area in respect of which a notification has been submitted when such prospecting has come to an end.

PART III - APPLICATIONS FOR APPROVAL OF PLANS OF WORK FOR EXPLORATION TO OBTAIN A CONTRACT

SECTION 1. GENERAL PROVISIONS

Regulation 6

General

Subject to the provisions of the Convention, the following may apply to the Authority for approval of plans of work for exploration:

(a) the Enterprise, on its own behalf or in a joint arrangement;

(b) States, state enterprises or natural or juridical persons which possess the nationality of States or are effectively controlled by them or their nationals, when sponsored by such States, or any group of the foregoing which meets the requirements of these Regulations.[1]

Regulation 7

Applications for approval of plans of work with respect to a reserved area

1. Any State which is a developing State or any natural or juridical person sponsored by it and effectively controlled by it or by any other developing State, or any group of the foregoing, may notify the Authority that it wishes to submit a plan of work with respect to a reserved area. The Secretary - General shall forward such notification to the Enterprise, which shall inform the Secretary-General in writing within six months whether or not it intends to carry out activities in that area. If the Enterprise intends to carry out activities in that area, it shall, pursuant to paragraph 4, also inform the contractor whose application for approval of a plan of work for exploration originally included that area in writing.

2. An application for approval of a plan of work in respect of a reserved area may be submitted at any time after such an area becomes available following a decision by the Enterprise that it does not intend to carry out activities in that area or where the Enterprise has not, within six months of the notification by the Secretary-General, either taken a decision on whether it intends to carry out activities in that area or notified the Secretary-General in writing that it is engaged in discussions regarding a potential joint venture. In the latter instance, the Enterprise shall have one year from the date of such notification in which to decide whether to conduct activities in that area.

3. If the Enterprise or a developing State or one of the entities referred to in paragraph 1 does not submit an application for approval of a plan of work for activities in a reserved area within 15 years of the commencement by the Enterprise of its functions independent of the Secretariat of the Authority or within 15 years of the date on which that area is reserved for the Authority, whichever is the later, the contractor whose application for approval of a plan of work for exploration originally included that area shall be entitled to apply for a plan of work for that area provided it offers in good faith to include the Enterprise as a joint-venture partner.

4. A contractor has the right of first refusal to enter into a joint venture arrangement with the Enterprise for exploration of the area which was

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[1] A request by a registered pioneer investor for approval of a plan of work for exploration under paragraph 6(a)(ii) of section 1 of the annex to the Agreement shall be submitted within 36 months of the entry into force of the Convention.

included in its application for approval of a plan of work for exploration and which was designated by the Council as a reserved area.

SECTION 2. CONTENT OF APPLICATIONS

Regulation 8

Form of applications

1. Each application for approval of a plan of work shall be in the form prescribed in Annex 2 of these Regulations, addressed to the Secretary-General, and shall conform to the requirements of these Regulations.[2]

2. Each application shall be submitted:

(a) in the case of a State, by the authority designated for that purpose by it;

(b) in the case of an entity, by its designated representative or the authority designated for that purpose by the sponsoring State or States; and

(c) in the case of the Enterprise, by its competent authority.

3. Each application by a state enterprise or one of the entities referred to in subparagraph (b) of regulation 6 shall also contain:

(a) sufficient information to determine the nationality of the applicant or the identity of the State or States by which the applicant is effectively controlled; and

(b) the principal place of business or domicile and, if applicable, place of registration of the applicant.

4. Each application submitted by a partnership or consortium of entities shall contain the required information in respect of each member of the partnership or consortium.

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[2] A request by a registered pioneer investor for approval of a plan of work for exploration under paragraph 6(a)(ii) of section 1 of the annex to the Agreement shall consist of documents, reports and other data submitted to the Preparatory Commission both before and after registration and shall be accompanied by a certificate of compliance, consisting of a factual report describing the status of fulfilment of obligations under the registered pioneer investor regime, issued by the Preparatory Commission in accordance with resolution II, paragraph 11(a). The registered pioneer investor shall, where such information has not already been provided, update the information, using, as far as possible, the provisions of regulation 15 as a guide, and submit its programme of work for the immediate future, including a general assessment of the potential environmental impacts of the proposed activities.

Regulation 9

Certificate of sponsorship

1. Each application by a state enterprise or one of the entities referred to in subparagraph (b) of regulation 6 shall be accompanied by a certificate of sponsorship issued by the State of which it is a national or by which or by whose nationals it is effectively controlled.[3] If the applicant has more than one nationality, as in the case of a partnership or consortium of entities from more than one State, each State involved shall issue a certificate of sponsorship.

2. Where the applicant has the nationality of one State but is effectively controlled by another State or its nationals, each State involved shall issue a certificate of sponsorship.

3. Each certificate of sponsorship shall be duly signed on behalf of the State by which it is submitted and shall contain:

(a) the name of the applicant;

(b) the name of the sponsoring State;

(c) a statement that the applicant is:

(i) a national of the sponsoring State; or

(ii) subject to the effective control of the sponsoring State or its nationals;

(d) a statement by the sponsoring State that it sponsors the applicant;

(e) the date of deposit by the sponsoring State of its instrument of ratification of, or accession or succession to, the Convention and its consent to be bound by the Agreement or a statement that it is a member of the Authority on a provisional basis;

(f) a declaration that the sponsoring State assumes responsibility in accordance with article 139, article 153, paragraph 4, and annex III, article 4, paragraph 4, of the Convention.

4. States or entities in a joint arrangement with the Enterprise shall also comply with this regulation.

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[3] In the case of a request by a registered pioneer investor for approval of a plan of work, the certifying State or States at the time of registration or their successors shall be deemed to be the sponsoring State or States provided such State or States are States Parties to the Convention or are provisional members of the Authority at the time of the request.

Regulation 10

Financial and technical capabilities

1. Each application for approval of a plan of work for exploration shall contain specific and sufficient information to enable the Council to determine whether the applicant is financially and technically capable of carrying out the proposed plan of work and of fulfilling its financial obligations to the Authority.[4]

2. An application for approval of a plan of work for exploration submitted on behalf of a State or entity, or any component of such entity, referred to in resolution II, paragraph 1(a)(ii) or (iii), other than a registered pioneer investor, which has already undertaken substantial activities in the Area prior to the entry into force of the Convention, or its successor in interest, shall be considered to have met the financial and technical qualifications necessary for approval of a plan of work if the sponsoring State or States certify that the applicant has expended an amount equivalent to at least US$ 30 million in research and exploration activities and has expended no less than 10 per cent of that amount in the location, survey and evaluation of the area referred to in the plan of work.

3. An application by the Enterprise shall include a statement by its competent authority certifying that the Enterprise has the necessary financial resources to meet the estimated costs of the proposed plan of work.

4. An application by a State or a state enterprise, other than a registered pioneer investor or an entity referred to in resolution II, paragraph 1(a)(ii) or (iii), shall include a statement by the State or the sponsoring State certifying that the applicant has the necessary financial resources to meet the estimated costs of the proposed plan of work.

5. An application by an entity, other than a registered pioneer investor or an entity referred to in resolution II, paragraph 1(a)(ii) or (iii), shall include copies of its audited financial statements, including balance sheets and profit-and-loss statements, for the most recent three years; and

(a) if the applicant is a newly organised entity and an audited balance sheet is not available, a pro forma balance sheet certified by an appropriate official of the applicant;

(b) if the applicant is a subsidiary of another entity, copies of such financial statements of that entity and a statement from that entity certifying that the applicant will have the financial resources to carry out the plan of work;

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[4] A registered pioneer investor requesting approval of a plan of work for exploration under paragraph 6(a)(ii) of section 1 of the annex to the Agreement shall be considered to have satisfied the financial and technical qualifications necessary for approval of a plan of work.

(c) if the applicant is controlled by a State or a state enterprise, a statement from the State or state enterprise certifying that the applicant will have the financial resources to carry out the plan of work.

6. Where an applicant referred to in paragraph 5 intends to finance the proposed plan of work by borrowings, its application shall include the amount of such borrowings, the repayment period and the interest rate.

7. Except as provided for in paragraph 2, all applications shall include:

(a) a general description of the applicant's previous experience, knowledge, skills, technical qualifications and expertise relevant to the proposed plan of work; and

(b) a general description of the equipment and methods expected to be used in carrying out the proposed plan of work and other relevant non-proprietary information about the characteristics of such technology.

8. Where the applicant is a partnership or consortium of entities in a joint arrangement, each member of the partnership or consortium shall provide the information required by this regulation.

Regulation 11

Previous contracts with the Authority

Where the applicant or, in the case of an application by a partnership or consortium of entities in a joint arrangement, any member of the partnership or consortium, has previously been awarded any contract with the Authority, the application shall include:

(a) the date of the previous contract or contracts;

(b) the dates, reference numbers and titles of each report submitted to the Authority in connection with the contract or contracts; and

(c) the date of termination of the contract or contracts, if applicable.

Regulation 12

Undertakings

Each applicant, including the Enterprise, shall, as part of its application for approval of a plan of work for exploration, provide a written undertaking to the Authority that it will:

(a) accept as enforceable and comply with the applicable obligations created by the provisions of the Convention and the rules, regulations and procedures of the Authority in force as at the date the application is submitted, the decisions of the organs of the Authority and the terms of its contracts with the Authority;

(b) accept control by the Authority of activities in the Area, as authorized by the Convention; and

(c) provide the Authority with a written assurance that its obligations under the contract will be fulfilled in good faith.[5]

Regulation 13

Total area covered by the application

Each application shall define the boundaries of the area under application by a list of coordinates. Applications other than those under regulation 7 shall cover a total area, which need not be a single continuous area, sufficiently large and of sufficient estimated commercial value to allow two mining operations. The applicant shall indicate the coordinates dividing the area into two parts of equal estimated commercial value. The area to be allocated to the applicant shall be subject to the provisions of regulation 21.

Regulation 14

Data and information to be submitted before the designation of a reserved area

1. Each application shall contain sufficient data and information, as prescribed in Section II of Annex 2 of these Regulations, with respect to the area under application to enable the Council, on the recommendation of the Legal and Technical Commission, to designate a reserved area based on the estimated commercial value of each part. Such data and information shall consist of data available to the applicant with respect to both parts of the area under application, including the data used to determine their commercial value.

2. The Council, on the basis of the data and information submitted by the applicant, if found satisfactory, and taking into account the recommendation of the Legal and Technical Commission, shall designate the part of the area under application which is to be a reserved area. The area so designated shall become a reserved area as soon as the plan of work for the non-reserved area is approved and the contract is signed. If the Council determines that additional information, consistent with the Regulations and Annex 2, is needed to designate the reserved area, it shall refer the matter back to the Commission for further consideration, specifying the additional information required.

3. Once the plan of work is approved and a contract has been issued, the data and information transferred to the Authority by the applicant in respect of the reserved area may be disclosed by the Authority in accordance with article 14, paragraph 3, of annex III to the Convention.

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[5] Such undertaking shall also be provided by a registered pioneer investor requesting approval of a plan of work for exploration under paragraph 6(a)(ii) of section 1 of the annex to the Agreement.

Regulation 15

Data and information to be submitted for approval of the plan of work[6]

After the Council has designated the reserved area, the applicant, if it has not already done so, shall submit, with a view to receiving approval of the plan of work for exploration in the form of a contract, the following information:

(a) a general description and a schedule of the proposed exploration programme, including the programme of work for the immediate five-year period, such as studies to be undertaken in respect of the environmental, technical, economic and other appropriate factors that must be taken into account in exploration;

(b) a preliminary assessment of the possible impact of the proposed exploration activities on the marine environment;

(c) a description of proposed measures for the prevention, reduction and control of pollution and other hazards, as well as possible impacts, to the marine environment;

(d) a description of a programme for oceanographic and environmental baseline studies in accordance with these Regulations and any environmental regulations and procedures issued by the Authority that would enable an assessment of the potential environmental impact of the proposed exploration activities, taking into account any guidelines issued by the Authority;

(e) data necessary for the Council to make the determination it is required to make in accordance with regulation 10, paragraph 1;

(f) a schedule of anticipated yearly expenditures in respect of the programme of work for the immediate five-year period.

SECTION 3 - FEES

Regulation 16

Fee for applications

1. The fee for processing applications for approval of a plan of work for exploration shall be US$ 250,000 or its equivalent in a freely convertible

[6] In the case of a request by a registered pioneer investor for approval of a plan of work for exploration under paragraph 6(a)(ii) of section 1 of the annex to the Agreement, this Regulation shall be implemented in the light of Regulation 8.

currency. The fee shall be paid to the Authority by the applicant at the time of submitting an application.[7]

2. The amount of the fee shall be reviewed from time to time by the Council in order to ensure that it covers the administrative costs incurred by the Authority in processing the application.

3. If the administrative costs incurred by the Authority in processing the application are less than the fixed amount, the Authority shall refund the difference to the applicant.

SECTION 4. PROCESSING OF APPLICATIONS

Regulation 17

Receipt, acknowledgement and safe custody of applications

1. The Secretary-General shall:

(a) acknowledge in writing receipt of every application for approval of a plan of work for exploration submitted under this Part, specifying the date of receipt;

(b) notify the members of the Authority and the members of the Legal and Technical Commission of the receipt of such application and circulate to them information of a general nature which is not confidential regarding the application;

(c) place the application together with the attachments and annexes thereto in safe custody and ensure the confidentiality of all data and information contained in the application.

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[7] In the case of a registered pioneer investor requesting approval for a plan of work for exploration under paragraph 6(a)(ii) of section 1 of the annex to the Agreement, the fee of US$ 250,000 paid pursuant to resolution II, paragraph 7(a), shall be deemed to be the fee referred to under paragraph 1 relating to the exploration phase.

Regulation 18

Consideration by the Legal and Technical Commission[8]

1. Upon receipt of an application, the Secretary-General shall place consideration of the application as an item on the agenda for the next meeting of the Commission.

2. The Commission shall examine applications in the order in which they are received.

3. The Commission shall determine whether the applicant:

(a) has complied with the procedures established in these Regulations;

(b) has given the undertakings and assurances specified in regulation 12;

(c) possesses the financial and technical capability to carry out the proposed plan of work as specified in regulation 10; and

(d) has satisfactorily discharged its obligations under any previous contract with the Authority.

4. The Commission shall, in accordance with the requirements set forth in these Regulations and its procedures and guidelines, determine whether the proposed plan of work:

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[8] In the case of a request by a registered pioneer investor for approval of a plan of work for exploration under paragraph 6(a)(ii) of section 1 of the annex to the Agreement, the Secretary-General shall ascertain whether:

(a) the documents, reports and other data submitted to the Preparatory Commission both before and after registration are available;

(b) the certificate of compliance, consisting of a factual report describing the status of fulfilment of obligations under the registered pioneer investor regime, issued by the Preparatory Commission in accordance with resolution II, paragraph 11(a), has been produced;

(c) the registered pioneer investor has updated the information provided in the documents, reports and other data submitted to the Preparatory Commission both before and after registration and has submitted its programme of work for the immediate future, including a general assessment of the potential environmental impacts of the proposed activities; and

(d) the registered pioneer investor has given the undertakings and assurances specified in regulation 12.

If the Secretary-General informs the Commission that the provisions of (a), (b), (c) and (d) have been satisfied by a registered pioneer investor, the Commission shall recommend approval of the plan of work.

(a) will provide for effective protection of human health and safety;

(b) will provide for effective protection and preservation of the marine environment from harmful effects that may arise from the activities;

(c) will ensure that installations will not unreasonably interfere with the use of recognized sea lanes essential to international navigation or other established maritime activities in the area.

5. If the Commission determines that the applicant has met the requirements of paragraph 3 and that the proposed plan of work meets the requirements of paragraph 4, the Commission shall recommend approval of the plan of work to the Council.

6. The Commission shall not recommend approval of the plan of work if:

(a) part or all of the area covered by the proposed plan of work is included in an approved plan of work or a proposed plan of work previously submitted by a different applicant which has not yet been decided upon by the Council; or

(b) part or all of the area covered by the proposed plan of work is included in an area disapproved for exploitation by the Council in cases where substantial evidence indicates the risk of serious harm to the marine environment; or

(c) the proposed plan of work has been submitted or sponsored by a State that already holds:

(i) plans of work for exploration and exploitation or exploitation only in non-reserved areas that, together with either part of the area covered by the application, exceed in size 30 per cent of a circular area of 400,000 square kilometres surrounding the centre of either part of the area covered by the proposed plan of work;

(ii) plans of work for exploration and exploitation or exploitation only in non-reserved areas which, taken together, constitute 2 per cent of that part of the Area which is not reserved or disapproved for exploitation pursuant to article 162, paragraph (2)(x), of the Convention.

7. Except in the case of applications by the Enterprise, on its own behalf or in a joint venture, and applications under regulation 7, the Commission shall not recommend approval of the plan of work if part or all of the area covered by the proposed plan of work is included in a reserved area or an area designated by the Council to be a reserved area.

8. If the Commission finds that an applicant has not complied with these Regulations or that an application is otherwise incomplete or defective, it shall notify the applicant in writing, through the Secretary-General, indicating the reasons why the application is incomplete or defective. The applicant may, within 45 days of such notification, amend its application.

9. In reviewing a proposed plan of work, the Commission shall take into account the policies and objectives relating to activities in the Area as provided for in Part XI and annex III of the Convention and the Agreement.

10. The Commission shall consider applications expeditiously and shall submit its report and recommendations to the Council on the designation of the areas and on the plan of work at the first possible opportunity taking into account the schedule of meetings of the Authority.

11. In discharging its duties described in paragraphs 3 and 4, the Commission shall apply these Regulations and the rules, regulations and procedures issued by the Authority in a uniform and non-discriminatory manner.

Regulation 19[9]

Consideration and approval by the Council

The Council shall consider the reports and recommendations of the Commission relating to approval of plans of work in accordance with paragraphs 11 and 12 of Section 3 of the annex to the Agreement.

PART IV - CONTRACTS FOR EXPLORATION

Regulation 20

The contract

1. After a plan of work has been approved by the Council, it shall be prepared in the form of a contract between the Authority and the applicant in the form prescribed in Annex 3. Each contract shall incorporate, as terms and conditions of the contract, the standard clauses set out in Annex 4 in effect at the date of execution of the contract, and any environmental regulations established by the Authority pursuant to regulation 28.

2. The contract shall be executed by the Secretary-General on behalf of the Authority and by the applicant. The Secretary-General shall notify all members of the Authority in writing of the conclusion of each contract.

3. The contractor shall have the exclusive right to explore the area covered by the plan of work in respect of polymetallic nodules. The Authority shall ensure that no other entity operates in the same area for a different category of resources in a manner that might unreasonably interfere with the operations of the contractor.

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[9] In the case of a request by a registered pioneer investor for approval of a plan of work for exploration under paragraph 6(a)(ii) of section 1 of the Agreement, once the Commission recommends approval of the plan of work and submits its recommendation to the Council, the plan of work shall be considered approved by the Council in accordance with paragraph 6(a)(ii) of section 1 of the annex to the Agreement.

4. In accordance with the principle of non-discrimination, a contract with a State or entity or any component of such entity referred to in paragraph 6(a)(i) of section 1 of the annex to the Agreement shall include arrangements that shall be similar to and no less favourable than those agreed with any registered pioneer investor. If any of the States or entities or any components of such entities referred to in paragraph 6(a)(i) of section 1 of the annex to the Agreement are granted more favourable arrangements, the Council shall make similar and no less favourable arrangements with regard to the obligations assumed by the registered pioneer investors provided that such arrangements do not affect or prejudice the interests of the Authority.

5. A contractor who has an approved plan of work for exploration only shall have priority among applicants submitting plans of work for exploitation of the same area or resources. Such priority may be withdrawn by the Authority if the contractor has failed to comply with the requirements of its approved plan of work within the time period specified in a written notice from the Authority to the contractor indicating which requirements have not been complied with by the contractor. The time period specified in any such notice shall not be unreasonable.

Regulation 21

Size of area and relinquishment

1. The total area allocated to the contractor under the contract shall not exceed 150,000 square kilometres. The contractor shall relinquish portions of the area allocated to revert to the Area, in accordance with the following schedule:

(a) 20 per cent of the area allocated by the end of the third year from the date of the contract;

(b) an additional 10 per cent of the area allocated by the end of the fifth year from the date of the contract; and

(c) an additional 20 per cent of the area allocated or such larger amount as would exceed the exploitation area decided upon by the Authority, after eight years from the date of the contract.

2. The contractor shall be deemed to have fulfilled the requirements of relinquishment provided that the total area allocated to it, upon approval of a plan of work, does not exceed 75,000 square kilometres.

3. In the case of a registered pioneer investor the contract shall take into account the schedule of relinquishment, where applicable, in accordance with the terms of its registration as a registered pioneer investor.

4. The Council may, at the request of the contractor, in exceptional circumstances, defer the schedule of relinquishment by a period or periods not exceeding a total of two years.

5. Notwithstanding the provisions of paragraphs 1 and 2, the Authority may determine the appropriate size of areas for exploration in accordance with article 17, paragraph (2)(a) of annex III to the Convention, provided that no area shall exceed 150,000 square kilometres.

Regulation 22

Duration of contracts

1. A plan of work for exploration shall be approved for a period of 15 years. Upon expiration of a plan of work for exploration, the contractor shall apply for a plan of work for exploitation unless the contractor has already done so, has obtained an extension for the plan of work for exploration or decides to renounce its rights in the area covered by the plan of work for exploration.

2. A contractor may apply for extensions for the plan of work for exploration for periods of not more than five years each. Such extensions shall be approved by the Authority if the contractor has made efforts in good faith to comply with the requirements of the plan of work but for reasons beyond the contractor's control has been unable to complete the necessary preparatory work for proceeding to the exploitation stage or if the prevailing economic circumstances do not justify proceeding to the exploitation stage.

Regulation 23

Training

Pursuant to article 15 of annex III to the Convention, each contract shall include as a schedule a practical programme for the training of personnel of the Authority and developing States drawn up by the contractor in cooperation with the Authority and the sponsoring State or States. Training programmes shall focus on training in the conduct of exploration and may be revised and developed from time to time by mutual agreement.

Regulation 24

Periodic review of the programme of work

The contractor and the Secretary-General shall jointly undertake a periodic review of the programme of work under the contract at intervals of five years. For the purposes of the review, the Secretary-General may request the contractor to submit such additional data and information as may be required. The Secretary-General shall report on the review to the Commission, which shall submit its recommendations to the Council. The contractor shall make such adjustments to its programme of work as the Council and the contractor agree are necessary in the light of the review and shall indicate its programme of work for the following period.

Regulation 25

Termination of sponsorship

1. Each contractor shall have the required sponsorship throughout the period of the contract.

2. If a State terminates its sponsorship it shall promptly notify the Secretary-General in writing. Termination of sponsorship shall take effect six months after the date of receipt of the notification by the Secretary-General, unless the notification specifies a later date. The sponsoring State may inform the Secretary-General of the reasons for terminating its sponsorship.

3. In the event of termination of sponsorship the contractor shall, within the period referred to in paragraph 2, obtain another sponsor. Such sponsor shall submit a certificate of sponsorship in accordance with regulation 10. Failure to obtain a sponsor within the required period shall result in the termination of the contract.

4. A sponsoring State shall not be discharged by reason of the termination of its sponsorship from the financial and contractual obligations accrued while it was a sponsoring State, nor shall such termination affect any legal rights and obligations created during such sponsorship.

5. The Secretary-General shall notify the members of the Authority of the termination or change of sponsorship.

Regulation 26

Sponsorship by provisional members

An approved plan of work for exploration in the form of a contract for exploration sponsored by a State that was a member of the Authority on a provisional basis shall terminate if such membership ceases and the State concerned has not become a State Party to the Convention and the Agreement.

Regulation 27

Responsibility and liability

1. The contractor shall have responsibility or liability for any damage arising out of wrongful acts in the conduct of its operations, account being taken of contributory acts or omissions by the Authority. Similarly, the Authority shall have responsibility or liability for any damage arising out of wrongful acts in the exercise of its powers and functions, including violations under article 168, paragraph 2, of the Convention, account being taken of contributory acts or omissions by the contractor. Liability in every case shall be for the actual amount of damage.

2. No State may impose conditions on a contractor that are inconsistent with Part XI of the Convention and the Agreement or the rules, regulations and procedures of the Authority. However, the application by a State to

contractors sponsored by it, or to ships flying its flag, of environmental or other laws and Regulations more stringent than those in the rules, Regulations and procedures of the Authority shall not be deemed inconsistent with Part XI of the Convention and the Agreement.

3. Responsibility of States and, as appropriate, of international organizations to ensure that activities in the Area shall be carried out in conformity with the Convention shall be governed by article 139 of the Convention.

4. Liability of States, international organizations, entities or contractors for failure to carry out their responsibilities or for damage arising out of wrongful acts or omissions shall be governed by article 139 and annex III, articles 4 and 22, of the Convention.

5. States, state enterprises and international organizations that undertake activities in the Area shall provide a written undertaking to waive immunity in cases of liability arising pursuant to paragraph 4.

PART V - PROTECTION AND PRESERVATION OF THE MARINE ENVIRONMENT

Regulation 28

Protection and preservation of the marine environment

1. Each contractor shall ensure the effective protection of the marine environment from serious harm which may arise from its activities in the Area and shall take precautionary measures to anticipate, prevent or minimize any adverse impacts on the marine environment in the Area as far as reasonably possible using the best available technology.

2. The Authority shall establish and keep under periodic review environmental regulations and procedures to ensure the protection and preservation of the marine environment. The Commission may from time to time issue guidelines listing activities which may be considered to have no potential for causing harmful effects on the marine environment. The Authority shall also develop procedures and guidelines for the establishment of environmental baselines against which to assess the likely effects on the marine environment of activities in the Area.

3. Each contract shall require the contractor, in cooperation with the Authority and the sponsoring State or States, to establish environmental baselines against which to assess the likely effects of its programme of work on the marine environment and a programme to monitor and report on such effects. The contractor shall cooperate with the Authority in the implementation of such monitoring programmes.

4. The contractor shall report annually in writing to the Secretary-General on the implementation and results of the monitoring programme referred to in paragraph 3 and shall submit data and information in accordance with the procedures of and taking into account any guidelines issued by the Commission.

The Secretary-General shall transmit such reports to the Commission for its consideration pursuant to article 165 of the Convention.

5. Contractors, sponsoring States and other interested States or entities shall cooperate with the Authority in the establishment and implementation of programmes for monitoring and evaluating the impacts of deep seabed mining on the marine environment.

Regulation 29

Notification by coastal States

1. Any coastal State which has clear grounds for believing that any activity in the Area by a contractor is likely to cause serious harm to the marine environment under its jurisdiction or sovereignty may notify the Secretary-General in writing and request that the Secretary-General take such necessary action as may be within the competence of the Secretary-General to prevent such serious harm.

2. Upon receipt of such notification, the Secretary-General shall notify in writing the contractor and the sponsoring State or States, as well as other States that could be affected, and transmit the notification to the Commission and the Council. The Secretary-General shall provide the contractor and its sponsoring State or States with a reasonable opportunity to examine the evidence, if any, provided by the coastal State as the basis for its belief and shall transmit any response by the contractor to the notification to the coastal State and to the Commission and the Council.

Regulation 30

Emergency orders

1. A contractor shall immediately notify in writing the Secretary-General of any incident or activity which causes serious harm to the marine environment arising from the contractor's activities in the Area.

2. In the event that the Secretary-General is notified of an incident or activity causing serious harm to the marine environment arising from a contractor's activities in the Area, the Secretary-General shall report thereon immediately to the Council and to the Commission.

3. The Commission shall meet as soon as possible after having received the Secretary-General's report and shall consider, taking into account the measures already taken by the contractor, which measures are necessary to respond effectively to the incident or activity and to prevent, contain, minimize and repair the serious harm. It shall make recommendations to the Council.

4. The Council shall meet as soon as possible to consider the recommendations of the Commission.

5. The Council, taking into account the recommendations of the Commission and any information provided by the Contractor, may issue emergency orders

which may include orders for the suspension or adjustment of operations, to prevent, contain, minimize and repair serious harm to the marine environment arising out of activities in the Area.

6. Pending any action by the Council, the Secretary-General may take any immediate measures of a temporary nature, which shall remain in effect until the Council decides what measures, if any, to take, which should be practical and reasonable in the circumstances, to prevent, contain, minimize and repair serious harm to the marine environment.

7. If a contractor does not promptly comply with an emergency order to prevent serious harm to the marine environment arising out of its activities in the Area, the Council may take by itself or through arrangements with others on its behalf, such measures as are necessary to prevent, contain, minimize and repair any such serious harm to the marine environment.

PART VI - CONFIDENTIALITY

Regulation 31

Confidentiality of proprietary and commercially sensitive data and information

1. Data and information submitted or transferred to the Authority pursuant to these Regulations or a contract issued under these Regulations of a proprietary or commercially sensitive nature, and identified by the Contractor as such, shall be considered confidential unless it is data and information which:

(a) is generally known or publicly available from other sources;

(b) has been previously made available by the owner to others without an obligation concerning its confidentiality; or

(c) is already in the possession of the Authority with no obligation concerning its confidentiality.

2. The Secretary-General shall be responsible for maintaining the confidentiality of all such confidential data and information submitted or transferred to the Authority pursuant to these Regulations or a contract issued under these Regulations, subject to the limitation contained in regulation 5 with respect to data and information of a commercially sensitive nature, and shall develop appropriate procedures, consistent with the provisions of the Convention, to ensure the confidentiality of such data and information. Such procedures shall include:

(a) maintenance of confidential data and information in secure facilities and development of security procedures to prevent unauthorized access to or removal of such data and information;

(b) development and maintenance of a log or inventory system of all written data and information received, including its type and source and routeing from the time of receipt until final disposition.

3. The Secretary-General shall authorize access to such data and information only for limited use in connection with the legitimate Authority functions and duties of the person seeking access.

4. The Commission shall protect the confidentiality of such data and information submitted to it pursuant to these Regulations or a contract issued under these Regulations. In accordance with the provisions of article 163, paragraph 8, of the Convention, members of the Commission shall not disclose, even after the termination of their functions, any industrial secret, proprietary data which are transferred to the Authority in accordance with annex III, article 14, of the Convention or any other confidential information coming to their knowledge by reason of their duties for the Authority.

5. The Secretary-General and staff of the Authority shall not disclose, even after the termination of their functions with the Authority, any industrial secret, proprietary data which are transferred to the Authority in accordance with Annex III, article 14, of the Convention, or any other confidential information coming to their knowledge by reason of their employment with the Authority.

PART VII - SETTLEMENT OF DISPUTES

Regulation 32

Disputes

Disputes concerning the interpretation or application of these Regulations shall be settled in accordance with Part XI, section 5, of the Convention.

PART VIII - RESOURCES OTHER THAN POLYMETALLIC NODULES

Regulation 33

Resources other than polymetallic nodules

If a prospector or contractor finds resources in the Area other than polymetallic nodules, the exploration for and exploitation of such resources shall be subject to the rules, regulations and procedures established by the Authority in accordance with the Convention and the Agreement.

Annex 1

NOTIFICATION OF INTENTION TO ENGAGE IN PROSPECTING

1. Name of prospector:

2. Address of prospector:

3. Postal address (if different from above):

4. Telephone number:

5. Facsimile number:

6. Electronic mail address:

7. Nationality of prospector:

8. If prospector is a juridical person, identify prospector's

(a) place of registration; and

(b) principal place of business/domicile,

and attach a copy of the prospector's certificate of registration.

9. Name of prospector's designated representative:

10. Address of prospector's designated representative (if different from above):

11. Postal address (if different from above):

12. Telephone number:

13. Facsimile number:

14. Electronic mail address:

15. Attach the coordinates of the area or areas in which prospecting is to be conducted (in accordance with the World Geodetic System WGS 84).

16. Attach a general description of the prospecting programme, including the date of commencement and the approximate duration of the programme.

17. Attach a written undertaking that the prospector will:

(a) comply with the Convention and the relevant rules, regulations and procedures of the Authority concerning:

(i) cooperation in the training programmes in connection with marine scientific research and transfer of technology referred to in articles 143 and 144 of the Convention; and

(ii) protection of the marine environment; and

(b) accept verification by the Authority of compliance therewith.

18. List hereunder all the attachments and annexes to this notification (all data and information should be submitted in hard copy and in a digital format specified by the Authority):

Date: _____

_____
Signature of prospector's designated representative

ATTESTATION:

_____
Signature of person attesting

_____
Name of person attesting

_____
Title of person attesting

Annex 2

APPLICATION FOR APPROVAL OF A PLAN OF WORK FOR EXPLORATION TO OBTAIN A CONTRACT

Section I

Information concerning the applicant

1. Name of applicant:

2. Address of applicant:

3. Postal address (if different from above):

4. Telephone number:

5. Facsimile number:

6. Electronic mail address:

7. Name of applicant's designated representative:

8. Address of applicant's designated representative (if different from above):

9. Postal address (if different from above):

10. Telephone number:

11. Facsimile number:

12. Electronic mail address:

13. If the applicant is a juridical person, identify applicant's

(a) place of registration; and

(b) principal place of business/domicile.

and attach a copy of the applicant's certificate of registration.

14. Identify the sponsoring State or States.

15. In respect of each sponsoring State, provide the following:

(a) the date of deposit of its instrument of ratification of, or accession or succession to, the 1982 United Nations Convention on the Law of the Sea; and

(b) the date of its consent to be bound by the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of

the Sea of 10 December 1982, or, if the sponsoring State is a member of the Authority on a provisional basis, a statement to that effect.

16. A certificate of sponsorship issued by the sponsoring State must be attached with this application. If the applicant has more than one nationality, as in the case of a partnership or consortium of entities from more than one State, certificates of sponsorship issued by each of the States involved must be attached.

Section II

Information relating to the area under application

17. Define the boundaries of the area under application by attaching a list of geographical coordinates (in accordance with the World Geodetic System WGS 84).

18. Attach a chart (on a scale and projection specified by the Authority) and a list of the coordinates dividing the total area into two parts of equal estimated commercial value.

19. Include in an attachment sufficient information to enable the Council to designate a reserved area based on the estimated commercial value of each part of the area under application. Such attachment must include the data available to the applicant with respect to both parts of the area under application, including:

(a) data on the location, survey and evaluation of the polymetallic nodules in the areas, including:

(i) a description of the technology related to the recovery and processing of polymetallic nodules that is necessary for making the designation of a reserved area;

(ii) a map of the physical and geological characteristics, such as seabed topography, bathymetry and bottom currents and information on the reliability of such data;

(iii) data showing the average density (abundance) of polymetallic nodules in kg/m^2 and an associated abundance map showing the location of sampling sites;

(iv) data showing the average elemental content of metals of economic interest (grade) based on chemical assays in (dry) weight per cent and an associated grade map;

(v) combined maps of abundance and grade of polymetallic nodules;

(vi) a calculation based on standard procedures, including statistical analysis, using the data submitted and assumptions made in the calculations that the two areas could be expected to contain polymetallic nodules of equal

estimated commercial value expressed as recoverable metals in mineable areas;

(vii) a description of the techniques used by the applicant;

(b) information concerning environmental parameters (seasonal and during test period) including, inter alia, wind speed and direction, wave height, period and direction, current speed and direction, water salinity, temperature and biological communities.

20. If the area under application includes any part of a reserved area, attach a list of coordinates of the area which forms part of the reserved area and indicate the applicant's qualifications in accordance with regulation 7 of the Regulations.

Section III

Financial and technical information[a]

21. Attach sufficient information to enable the Council to determine whether the applicant is financially capable of carrying out the proposed plan of work and of fulfilling its financial obligations to the Authority.

22. If this application is made by the Enterprise, attach confirmation by its competent authority of the availability of funds to meet the estimated costs of the proposed plan of work.

23. Attach copies of the applicant's audited financial statements, including balance sheets and profit-and-loss statements, for the most recent three years; and

(a) if the applicant is a newly organized entity and an audited balance sheet is not available, a pro forma balance sheet certified by an appropriate official of the applicant;

(b) if the applicant is a subsidiary of another entity, copies of such financial statements of that entity and a statement from that entity certifying that the applicant will have the financial resources to carry out the plan of work;

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[a] An application for approval of a plan of work for exploration submitted on behalf of a State or entity, or any component of such entity, referred to in resolution II, paragraph 1(a)(ii) or (iii), other than a registered pioneer investor, which has already undertaken substantial activities in the Area prior to the entry into force of the Convention, or its successor in interest, shall be considered to have met the financial and technical qualifications necessary for approval of a plan of work if the sponsoring State or States certify that the applicant has expended an amount equivalent to at least US$ 30 million in research and exploration activities and has expended no less than 10 per cent of that amount in the location, survey and evaluation of the area referred to in the plan of work.

(c) if the applicant is controlled by a State or State enterprise, a statement from the State or State enterprise certifying that the applicant will have the financial resources to carry out the plan of work.

24. If it is intended to finance the proposed plan of work by borrowings, attach a statement of the amount of such borrowings, the repayment period and the interest rate.

25. Attach sufficient information to enable the Council to determine whether the applicant is technically capable of carrying out the proposed plan of work, including:

(a) a general description of the applicant's previous experience, knowledge, skills and expertise relevant to the proposed plan of work; and

(b) a general description of the equipment and methods expected to be used in carrying out the proposed plan of work and other relevant non-proprietary information about the characteristics of such technology.

Section IV

The programme of work

26. Attach the following information relating to the programme of work for exploration:

(a) a general description and a schedule of the proposed exploration programme, including the programme of work for the immediate five-year period, such as studies to be undertaken in respect of the environmental, technical, economic and other appropriate factors which must be taken into account in exploration;

(b) a preliminary assessment of the possible impact of the proposed exploration activities on the marine environment;

(c) a description of the proposed measures for the prevention, reduction and control of pollution and other hazards, as well as possible impacts, to the marine environment;

(d) a description of a programme for oceanographic and environmental baseline studies in accordance with the Regulations and any environmental regulations and procedures issued by the Authority that would enable an assessment of the potential environmental impact of the proposed exploration activities, taking into account any guidelines issued by the Authority;

(e) a schedule of anticipated yearly expenditures in respect of the programme of work for the immediate five-year period.

Section V

Undertakings

27. Attach a written undertaking that the applicant will:

(a) accept as enforceable and comply with the applicable obligations created by the provisions of the Convention and the rules, regulations and procedures of the Authority in force as at the date the application is submitted, the decisions of the organs of the Authority and the terms of its contracts with the Authority;

(b) accept control by the Authority of activities in the Area as authorized by the Convention;

(c) provide the Authority with a written assurance that its obligations under the contract will be fulfilled in good faith.

Section VI

Previous contracts

28. Has the applicant or, in the case of an application by a partnership or consortium of entities in a joint arrangement, any member of the partnership or consortium previously been awarded any contract with the Authority?

29. If the answer to 28 is "yes", the application must include:

(a) the date of the previous contract or contracts;

(b) the dates, reference numbers and titles of each report submitted to the Authority in connection with the contract or contracts; and

(c) the date of termination of the contract or contracts, if applicable.

Section VII

Attachments

30. List all the attachments and annexes to this application (all data and information should be submitted in hard copy and in a digital format specified by the Authority):

Date: _____ _____

Signature of applicant's designated representative

ATTESTATION:

_____

Signature of person attesting

_____

Name of person attesting

_____

Title of person attesting

Annex 3

CONTRACT FOR EXPLORATION

THIS CONTRACT made the day of between the INTERNATIONAL SEABED AUTHORITY represented by its SECRETARY-GENERAL (hereinafter referred to as "the Authority") and represented by (hereinafter referred to as "the Contractor") WITNESSETH as follows:

Incorporation of clauses

A. The standard clauses set out in Annex 4 to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area shall be incorporated herein and shall have effect as if herein set out at length.

Exploration area

B. For the purposes of this contract, the "exploration area" means that part of the Area allocated to the Contractor for exploration, defined by the coordinates listed in schedule 1 hereto, as reduced from time to time in accordance with the standard clauses and the Regulations.

Grant of rights

C. In consideration of:

(1) their mutual interest in the conduct of exploration activities in the exploration area pursuant to the Convention and the Agreement;

(2) the responsibility of the Authority to organize and control activities in the Area, particularly with a view to administering the resources of the Area, in accordance with the legal regime established in Part XI of the Convention and the Agreement and Part XII of the Convention respectively; and

(3) the interest and financial commitment of the Contractor in conducting activities in the exploration area and the mutual covenants made herein,

the Authority hereby grants to the Contractor the exclusive right to explore for polymetallic nodules in the exploration area in accordance with the terms and conditions of this contract.

Entry into force and contract term

D. This contract shall enter into force on signature by both parties and, subject to the standard clauses, shall remain in force for a period of fifteen years thereafter unless:

(1) the Contractor obtains a contract for exploitation in the exploration area which enters into force before the expiration of such period of fifteen years; or

(2) the contract is sooner terminated,

provided that the term of the contract may be extended in accordance with standard clauses 3.2 and 16.2.

Schedules

E. The schedules referred to in the standard clauses, namely section 4 and section 7, are for the purposes of this contract schedules 2 and 3 respectively.

Entire agreement

F. This contract expresses the entire agreement between the parties, and no oral understanding or prior writing shall modify the terms hereof.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by the respective parties, have signed this contract at Kingston, Jamaica, this day of 1998.

SCHEDULE 1

[Coordinates and illustrative chart of the exploration area]

SCHEDULE 2

[The programme of work]

SCHEDULE 3

[The training programme shall become a schedule to the contract when approved by the Authority in accordance with Section 7 of the standard clauses]

Annex 4

STANDARD CLAUSES FOR EXPLORATION CONTRACT

Section 1

Definitions

1.1 In the following clauses:

(a) "contract year" means a period beginning on the effective date and ending on an anniversary thereof;

(b) "designated representative" means the person designated by the Contractor by notice in writing to the Authority to represent it as its agent for purposes of this contract;

(c) "effective date" means the date on which this contract enters into force in accordance with section 3 hereof;

(d) "exploration area" means that part of the Area allocated to the Contractor for exploration, described in schedule 1 hereto, as the same may be reduced from time to time in accordance with this contract and the Regulations;

(e) "programme of work" means the programme of work which is set out in schedule 2 hereto as the same may be adjusted from time to time in accordance with sections 4.3 and 4.4 hereof;

(f) "Regulations" means the rules, regulations and procedures, standards and guidelines adopted by the Authority from time to time and which are in effect at the date of entry into force of this contract or which may be incorporated into this contract by written agreement or which may apply to this contract as a consequence of a revision thereof;

(g) "reporting period" means the Contractor's accounting period.

1.2. In accordance with the Agreement, its provisions and Part XI of the Convention are to be interpreted and applied together as a single instrument; this contract and references in this contract to the Convention are to be interpreted and applied accordingly.

1.3 This contract includes the schedules to this contract, which shall be an integral part hereof.

Section 2

Security of tenure

2.1 The Contractor shall have security of tenure and this contract shall not be suspended, terminated or revised except in accordance with sections 19, 20 and 23 hereof.

2.2 The Contractor shall have the exclusive right to explore for polymetallic nodules in the exploration area in accordance with the terms and conditions of this contract.

2.3 The Contractor, by notice to the Authority, shall have the right at any time to renounce without penalty the whole or part of its rights in the exploration area, provided that the Contractor shall remain liable for all obligations accrued prior to the date of such renunciation in respect of the area renounced.

2.4 Nothing in this contract shall be deemed to confer any right on the Contractor other than those rights expressly granted herein.

2.5 The Authority reserves the right to enter into contracts with respect to resources other than polymetallic nodules with third parties in the area covered by this contract. The Authority shall ensure that no other entity operates in the exploration area for a different category of resources in a manner that might unreasonably interfere with the operations of the Contractor.

Section 3

Contract term

3.1 This contract shall enter into force on signature by both parties and shall remain in force for a period of fifteen years thereafter unless:

(a) the Contractor obtains a contract for exploitation in the exploration area which enters into force before the expiration of such period of fifteen years; or

(b) the contract is sooner terminated,

provided that the term of the contract may be extended in accordance with sections 3.2 and 16.2 hereof.

3.2 Upon application by the Contractor, not later than six months before the expiration of this contract, this contract may be extended for periods of not more than five years each on such terms and conditions as the Authority and the Contractor may then agree in accordance with the Regulations. Such extensions shall be approved if the Contractor has made efforts in good faith to comply with the requirements of this contract but for reasons beyond the Contractor's control has been unable to complete the necessary preparatory work for proceeding to the exploitation stage or if the prevailing economic circumstances do not justify proceeding to the exploitation stage.

3.3 Notwithstanding the expiration of this contract in accordance with section 3.1 hereof, if the Contractor has, at least ninety days prior to the date of expiration, applied for a contract for exploitation, the Contractor's rights and obligations under this contract shall continue until such time as the application has been considered and a contract for exploitation has been issued or refused.

Section 4

Exploration

4.1 The Contractor shall commence exploration in accordance with the time schedule stipulated in the programme of work and adhere to that schedule or any modification thereto as provided for by this contract.

4.2 During the term of this contract, the Contractor shall carry out the programme of work. In carrying out such work the Contractor shall spend in each contract year not less than the amount specified in such programme, or any agreed review thereof, in actual and direct exploration expenditures.

4.3 The Contractor, with the consent of the Authority, which consent shall not be unreasonably withheld, may from time to time make such changes in the programme of work and the expenditures specified therein as may be necessary and prudent in accordance with good mining industry practice, and taking into account the market conditions for the metals contained in polymetallic nodules and other relevant global economic conditions.

4.4 Not later than ninety days prior to the expiration of each five-year period from the effective date, the Contractor and the Secretary-General shall jointly undertake a review of the results of exploration activities under this contract. For the purposes of the review, the Secretary-General may require the Contractor to submit such additional data and information as may be necessary. Following such review, such adjustments shall be made to the programme of work and the expenditures specified therein as the Contractor and the Secretary-General agree are necessary in the light of the review.

Section 5

Environmental monitoring

5.1 The Contractor shall ensure the effective protection of the marine environment from serious harm which may arise from its activities in the exploration area and shall take precautionary measures to anticipate, prevent or minimize any adverse impacts on the marine environment as far as economically reasonably possible using the best available technology.

5.2 The Contractor shall, in accordance with the Regulations, gather data and information as exploration activities progress and develop and shall establish environmental baselines against which to assess the likely effects of the Contractor's activities on the marine environment.

5.3 The Contractor shall, in accordance with the Regulations, establish and carry out a programme to monitor and report on such effects on the marine environment. The Contractor shall cooperate with the Authority in the implementation of such monitoring.

5.4 The Contractor shall, within ninety days of the end of each contract year, report to the Secretary-General on the implementation and results of the monitoring programme referred to in section 5.3 hereof and shall submit data and information in accordance with the Regulations.

5.5 Prior to the commencement of testing of collecting systems and processing operations, the Contractor shall submit to the Authority:

(a) a site-specific environmental impact statement based on available meteorological, oceanographic and environmental data collected during the preceding phases of exploration and containing data that could be used to establish an environmental baseline against which to assess the likely effect of the mining tests;

(b) an assessment of the effects on the marine environment of the proposed tests of collecting systems;

(c) a proposal for a monitoring programme to determine the effect on the marine environment of the equipment that will be used during the proposed mining tests.

5.6 If the Contractor applies for exploitation rights, it shall propose areas to be set aside and used exclusively as impact reference zones and preservation reference zones. "Impact reference zones" means areas to be used for assessing the effect of each contractor's activities in the Area on the marine environment and which are representative of the environmental characteristics of the Area. "Preservation reference zones" means areas in which no mining shall occur to ensure representative and stable biota of the seabed in order to assess any changes in the flora and fauna of the marine environment.

Section 6

Contingency plans and emergencies

6.1 The Contractor shall, prior to the commencement of its programme of work under this contract, submit to the Secretary-General a contingency plan to respond effectively to incidents that are likely to cause serious harm to the marine environment arising from the Contractor's activities in the exploration area. Such contingency plan shall establish special procedures and provide for adequate and appropriate equipment to deal with such incidents and, in particular, shall include arrangements for:

(a) the immediate raising of an alarm in the area of the exploration activities;

(b) prompt notification to the Secretary-General;

(c) the warning of ships which might be about to enter the immediate vicinity;

(d) a continuing flow of full information to the Secretary-General relating to particulars of the contingency, measures already taken and further actions required;

(e) the removal, as appropriate, of polluting substances;

(f) the reduction and, in so far as possible, prevention of serious harm to the marine environment, as well as mitigation of such effects;

(g) as appropriate, cooperation with other contractors with the Authority to respond to a contingency; and

(h) periodic emergency exercises.

6.2 The Contractor shall promptly report to the Secretary-General any incident arising from its activities which is likely to cause serious harm to the marine environment. Each such report shall contain the details of such incident, including, inter alia:

(a) the coordinates of the area affected or which can reasonably be anticipated to be affected;

(b) the description of the action being taken by the Contractor to prevent, contain, minimize and repair the serious harm to the marine environment;

(c) a description of the action being taken by the Contractor to monitor the effects of the incidents on the marine environment; and

(d) such supplementary information as may reasonably be required by the Secretary-General.

6.3 The Contractor shall comply with emergency orders issued by the Council and immediate measures of a temporary nature issued by the Secretary-General in accordance with the Regulations, to prevent, contain, minimize or repair serious harm to the marine environment, which may include orders to the Contractor to immediately suspend or adjust any activities in the exploration area.

6.4 If the Contractor does not promptly comply with such emergency orders or immediate measures of a temporary nature, the Council may take such reasonable measures as are necessary to prevent, contain, minimize or repair any such serious harm to the marine environment at the Contractor's expense. The Contractor shall promptly reimburse the Authority the amount of such expenses. Such expenses shall be in addition to any monetary penalties which may be imposed on the Contractor pursuant to the terms of this contract or the Regulations.

Section 7

Training

7.1 Pursuant to article 15 of annex III to the Convention and the Regulations, the Contractor shall, prior to the commencement of exploration under this contract, submit to the Authority for approval proposed training programmes for the training of personnel of the Authority and developing States, including the participation of such personnel in all of the Contractor's activities under this contract.

7.2. In accordance with regulation 23, the scope and financing of the training programme shall be subject to negotiation between the contractor, the Authority and the sponsoring State or States.

7.3 The Contractor shall conduct training programmes in accordance with the specific programme for the training of personnel referred to in section 7.1 hereof approved by the Authority in accordance with the Regulations, which programme, as revised and developed from time to time, shall become a part of this contract as schedule 3.

Section 8

Books and records

8.1 The Contractor shall keep a complete and proper set of books, accounts and financial records, consistent with internationally accepted accounting principles, and shall prepare and submit reports in accordance with this contract and the Regulations.

8.2 Such books, accounts and records shall include information which will fully disclose the actual and direct expenditures for exploration and such other information as will facilitate an effective audit of such expenditures.

Section 9

Annual reports

9.1 The Contractor shall, within ninety days of the end of each contract year, submit a report to the Secretary-General covering its activities in the exploration area and containing, as far as applicable:

(a) details of all the exploration work carried out during the reporting period, including results of testing of technologies and maps, charts and graphs illustrating the work that has been done and the results obtained;

(b) the estimation of mineable areas, when such areas have been identified, which shall include details of the grade and quantity of the proven, probable and possible polymetallic nodule reserves and the anticipated mining conditions;

(c) details of the equipment used to carry out the exploration work;

(d) the results of observations, measurements, evaluations and analyses of environmental parameters for the area;

(e) the results of environmental monitoring programmes;

(f) information on the implementation of training programmes, including any proposed revisions to or developments of such programmes;

(g) a statement of the quantity of polymetallic nodules recovered as samples or for the purpose of testing;

(h) a statement, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, or, where the Contractor is a State or a state enterprise, by the sponsoring State, of the actual and direct exploration expenditures of the Contractor in carrying out the programme of work during the reporting period. Such expenditures may be claimed by the contractor as part of the contractor's development costs incurred prior to the commencement of commercial production; and

(i) details of any proposed adjustments to the programme of work and the reasons for such adjustments.

9.2 The Contractor shall also submit additional reports to the Secretary-General in such form, in such detail and at such times as the Secretary-General may from time to time reasonably require in order to carry out the Authority's functions under this contract, the Regulations and the Convention.

9.3 The Contractor shall keep, in good condition, a representative portion of samples of polymetallic nodules obtained in the course of exploration until the expiration of this contract. The Authority may request the Contractor in writing to deliver to it for analysis a portion of any such sample obtained during the course of exploration.

Section 10

Data and information to be submitted on expiration of the contract

10.1 The Contractor shall transfer to the Authority all data and information that are both necessary for and relevant to the effective exercise of the powers and functions of the Authority in respect of the exploration area in accordance with the provisions of this section.

10.2 Upon expiration or termination of this contract the Contractor, if it has not already done so, shall submit the following data and information to the Secretary-General:

(a) copies of all geological, environmental, geochemical and geophysical data acquired by the Contractor in the course of carrying out the programme of work;

(b) copies of all geological, technical, financial and economic reports made by or for the contractor, including interpretations concerning the mineral prospects in the exploration area;

(c) copies of any other related data recorded by the Contractor in connection with the programme of work;

(d) details of the equipment used to carry out the exploration work; and

(e) a statement of the quantity of polymetallic nodules recovered as samples or for the purpose of testing;

(f) all samples retained by the contractor pursuant to section 9.3 hereof.

10.3 The data and information referred to in section 10.2 hereof shall also be submitted to the Secretary-General if, prior to the expiration of this contract, the Contractor applies for approval of a plan of work for exploitation or if the Contractor renounces its rights in the exploration area to the extent that such data and information relates to the renounced area.

Section 11

Confidentiality

11.1 All confidential data and information which are proprietary or of a commercially sensitive nature transferred to the Authority in accordance with this contract shall be treated as confidential in accordance with the provisions of this section and the Regulations. The Secretary-General shall adopt appropriate measures, in accordance with the Regulations, to protect the confidentiality of such data and information and shall not, except with the prior written consent of the Contractor, release such data and information to any person external to the Authority.

11.2 Confidential data so transferred that are proprietary or of a commercially sensitive nature may only be used by the Authority as necessary for and relevant to the effective exercise of the powers and functions of the principal organs of the Authority in respect of the exploration area. The Contractor shall identify such data and information as it believes are proprietary or of a commercially sensitive nature in accordance with the Regulations.

11.3 Data necessary for the formulation of regulations concerning protection and preservation of the marine environment and safety, other than equipment design data, shall not be deemed proprietary.

11.4 Such proprietary data and information submitted in accordance with this contract shall remain confidential. Data and information of a commercially sensitive nature shall be kept confidential for a period of ten years from the date of its submission to the Authority. If, on the expiration of such period, the contract for exploration has not yet come to an end, the Contractor may request an extension of such period for a further period of up to ten years. If the Contractor subsequently enters into a contract for exploitation in respect of any part of the exploration area, such data and information relating to such area shall remain confidential.

Section 12

Undertakings by the Contractor

12.1 The Contractor shall carry out exploration in accordance with the terms and conditions of this contract, the Regulations, Part XI of the Convention,

the Agreement and other rules of international law not incompatible with the Convention.

12.2 The Contractor undertakes:

(a) to accept as enforceable and comply with the terms of this contract;

(b) to comply with the applicable obligations created by the provisions of the Convention, the Agreement and the Regulations, and the decisions of the organs of the Authority;

(c) to accept control by the Authority of activities in the Area, as authorized by the Convention;

(d) to fulfil its obligations under this contract in good faith; and

(e) to observe, as far as reasonably practicable, any guidelines which may be issued from time to time by the Authority.

12.3 The Contractor shall actively carry out the programme of work:

(a) with due diligence, efficiency and economy;

(b) with due regard to the impact of its activities on the marine environment; and

(c) with reasonable regard for other activities in the marine environment.

12.4 The Authority undertakes to fulfil in good faith its powers and functions under the Convention and the Agreement in accordance with article 157 of the Convention.

Section 13

Inspection

13.1 The Contractor shall permit the Authority to send its inspectors on board vessels and installations used by the Contractor to carry out activities in the exploration area to:

(a) ensure compliance with the terms and conditions of this contract and the Regulations; and

(b) monitor the effects of such activities on the marine environment.

13.2 The Secretary-General shall give reasonable notice to the Contractor of the projected time and duration of inspections, the name of the inspectors and any activities the inspectors are to perform that are likely to require the availability of special equipment or special assistance from personnel of the Contractor.

13.3 Such inspectors shall have the authority to inspect any vessel or installation, including its log, equipment, records, facilities, all other recorded data and any relevant documents which are necessary to monitor the Contractor's compliance.

13.4 The Contractor, its agents and employees shall assist the inspectors in the performance of their duties and shall:

(a) accept and facilitate prompt and safe boarding of vessels and installations by inspectors;

(b) cooperate with and assist in the inspection of any vessel or installation conducted pursuant to these procedures;

(c) provide access to all relevant equipment, facilities and personnel on vessels and installations at all reasonable times;

(d) not obstruct, intimidate or interfere with inspectors in the performance of their duties;

(e) provide reasonable facilities, including, where appropriate, food and accommodation, to inspectors; and

(f) facilitate safe disembarkation by inspectors.

13.5 Inspectors shall avoid interference with the safe and normal operations on board vessels and installations used by the Contractor to carry out activities in the area visited and shall act in accordance with the Regulations and the measures adopted to protect confidentiality of data and proprietary information.

13.6 The Secretary-General and any duly authorized representatives of the Secretary-General, shall have access, for purposes of audit and examination, to any books, documents, papers and records of the Contractor which are necessary and directly pertinent to verify the expenditures referred to in section 9.1(h).

Section 14

Safety, labour and health standards

14.1 The Contractor shall comply with the generally accepted international rules and standards established by competent international organizations or general diplomatic conferences concerning the safety of life at sea, and the prevention of collisions and such rules, regulations and procedures as may be adopted by the Authority relating to safety at sea and each vessel used for carrying out activities in the Area shall possess current valid certificates required by and issued pursuant to such international rules and standards.

14.2 The Contractor shall, in carrying out exploration under this contract, observe and comply with such rules, regulations and procedures as may be adopted by the Authority relating to protection against discrimination in employment, occupational safety and health, labour relations, social security,

employment security and living conditions at the work site. Such rules, regulations and procedures shall take into account conventions and recommendations of the International Labour Organization and other competent international organizations.

Section 15

Responsibility and liability

15.1 The Contractor shall be liable for the actual amount of any damage, including damage to the marine environment, arising out of its wrongful acts or omissions, and those of its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this contract, including the costs of reasonable measures to prevent or limit damage to the marine environment, account being taken of any contributory acts or omissions by the Authority.

15.2 The Contractor shall indemnify the Authority, its employees, subcontractors and agents against all claims and liabilities of any third party arising out of any wrongful acts or omissions of the Contractor and its employees, agents and subcontractors, and all persons engaged in working or acting for them in the conduct of its operations under this contract.

15.3 The Authority shall be liable for the actual amount of any damage to the Contractor arising out of its wrongful acts in the exercise of its powers and functions, including violations under article 168, paragraph 2, of the Convention, account being taken of contributory acts or omissions by the Contractor, its employees, agents and subcontractors, and all persons engaged in working or acting for them in the conduct of its operations under this contract.

15.4 The Authority shall indemnify the Contractor, its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this contract, against all claims and liabilities of any third party arising out of any wrongful acts or omissions in the exercise of its powers and functions hereunder, including violations under article 168, paragraph 2, of the Convention.

15.5 The Contractor shall maintain appropriate insurance policies with internationally recognized carriers, in accordance with generally accepted international maritime practice.

Section 16

Force majeure

16.1 The Contractor shall not be liable for an unavoidable delay or failure to perform any of its obligations under this contract due to force majeure. For purposes of this contract, force majeure shall mean an event or condition that the Contractor could not reasonably be expected to prevent or control; provided that the event or condition was not caused by negligence or by a failure to observe good mining industry practice.

16.2 The Contractor shall be granted a time extension equal to the period by which performance was delayed hereunder by force majeure and the term of this contract shall be extended accordingly.

16.3 In the event of force majeure, the Contractor shall take all reasonable measures to remove its inability to perform and comply with the terms and conditions of this contract with a minimum of delay; provided that the Contractor shall not be obligated to resolve or terminate any labour dispute or any other disagreement with a third party except on terms satisfactory to it or pursuant to a final decision of any agency having jurisdiction to resolve the dispute.

16.4 The Contractor shall give notice to the Authority of the occurrence of an event of force majeure as soon as reasonably possible, and similarly give notice to the Authority of the restoration of normal conditions.

Section 17

Disclaimer

Neither the Contractor nor any affiliated company or subcontractor shall in any manner claim or suggest, whether expressly or by implication, that the Authority or any official thereof has, or has expressed, any opinion with respect to polymetallic nodules in the exploration area and a statement to that effect shall not be included in or endorsed on any prospectus, notice, circular, advertisement, press release or similar document issued by the Contractor, any affiliated company or any subcontractor that refers directly or indirectly to this contract. For the purposes of this section, an "affiliated company" means any person, firm or company or State-owned entity controlling, controlled by, or under common control with, the Contractor.

Section 18

Renunciation of rights

The Contractor, by notice to the Authority, shall have the right to renounce its rights and terminate this contract without penalty, provided that the Contractor shall remain liable for all obligations accrued prior to the date of such renunciation and those obligations required to be fulfilled after termination in accordance with the Regulations.

Section 19

Termination of sponsorship

19.1 If the nationality or control of the Contractor changes or the Contractor's sponsoring State, as defined in the Regulations, terminates its sponsorship, the Contractor shall promptly notify the Authority forthwith.

19.2 In either such event, if the Contractor does not obtain another sponsor meeting the requirements prescribed in the Regulations which submits to the Authority a certificate of sponsorship for the Contractor in the prescribed

form within the time specified in the Regulations, this contract shall terminate forthwith.

19.3 If the Contractor's sponsoring State was a member of the Authority on a provisional basis at the date of execution of the contract and such membership ceases and the State concerned has not become a State party to the Convention and the Agreement, this contract shall terminate forthwith.

Section 20

Suspension and termination of contract and penalties

20.1 The Council may by notice, which shall include a statement of the reasons for taking such action, suspend or terminate this contract, without prejudice to any other rights that the Authority may have, if any of the following events should occur:

(a) if, in spite of written warnings by the Authority, the Contractor has conducted its activities in such a way as to result in serious persistent and wilful violations of the fundamental terms of this contract, Part XI of the Convention, the Agreement and the rules, regulations and procedures of the Authority; or

(b) if the Contractor has failed to comply with a final binding decision of the dispute settlement body applicable to it; or

(c) if the Contractor becomes insolvent or commits an act of bankruptcy or enters into any agreement for composition with its creditors or goes into liquidation or receivership, whether compulsory or voluntary, or petitions or applies to any tribunal for the appointment of a receiver or a trustee or receiver for itself or commences any proceedings relating to itself under any bankruptcy, insolvency or readjustment of debt law, whether now or hereafter in effect, other than for the purpose of reconstruction.

20.2 The suspension or termination shall be effective sixty days after such notice, unless the Contractor within such period disputes the Authority's right to suspend or terminate this contract in accordance with Part XI, section 5, of the Convention.

20.3 If the Contractor takes such action, this contract shall only be suspended or terminated in accordance with a final binding decision in accordance with Part XI, section 5, of the Convention.

20.4 If the Council has suspended this contract, the Council may by notice require the Contractor to resume its operations and comply with the terms and conditions of this contract, not later than sixty days after such notice.

20.5 In the case of any violation of this contract not covered by section 20.1(a) hereof, or in lieu of suspension or termination under section 20.1 hereof, the Council may impose upon the Contractor monetary penalties proportionate to the seriousness of the violation.

20.6 The Council may not execute a decision involving monetary penalties until the Contractor has been accorded a reasonable opportunity to exhaust the judicial remedies available to it pursuant to Part XI, section 5, of the Convention.

20.7 In the event of termination or expiration of this contract, the Contractor shall comply with the Regulations and shall remove all installations, plant, equipment and materials in the exploration area and shall make the area safe so as not to constitute a danger to persons, shipping or to the marine environment.

Section 21

Transfer of rights and obligations

21.1 The rights and obligations of the Contractor under this contract may be transferred in whole or in part only with the consent of the Authority and in accordance with the Regulations.

21.2 The Authority shall not unreasonably withhold consent if the proposed transferee is in all respects a qualified applicant in accordance with the Regulations and assumes all of the obligations of the Contractor and if the transfer does not confer to the transferee a plan of work, the approval of which would be forbidden by article 6, paragraph 3(c), of Annex 3 of the Convention.

21.3 The terms, undertakings and conditions of this contract shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

Section 22

No waiver

No waiver by either party of any breach of the terms and conditions of this contract to be performed by the other party shall be construed as a waiver by the party of any succeeding breach of the same or any other term or condition to be performed by the other party.

Section 23

Revision

23.1 When circumstances have arisen or are likely to arise which, in the opinion of the Authority or the Contractor, would render this contract inequitable or make it impracticable or impossible to achieve the objectives set out in this contract or in Part XI of the Convention or the Agreement, the parties shall enter into negotiations to revise it accordingly.

23.2 This contract may also be revised by agreement between the Contractor and the Authority in the light of any rules, regulations and procedures adopted by the Authority subsequent to the entry into force of this contract.

23.3 Except as otherwise provided, this contract may be revised, amended or otherwise modified only with the consent of the Contractor and the Authority by an appropriate instrument signed by the authorized representatives of the parties.

Section 24

Disputes

24.1 Any dispute between the parties concerning the interpretation or application of this contract shall be settled in accordance with Part XI, section 5, of the Convention.

24.2 Any final decision rendered by a court or tribunal having jurisdiction under the Convention relating to the rights and obligations of the Authority and of the Contractor shall be enforceable in the territory of each State party to the Convention and provisional member of the Authority.

Section 25

Notice

25.1 Any application, request, notice, report, consent, approval, waiver, direction or instruction hereunder shall be made by the Secretary-General or by the designated representative of the Contractor, as the case may be, in writing. Service shall be by hand, or by telex, facsimile or registered airmail to the Secretary-General at the headquarters of the Authority or to the designated representative.

25.2 Either party shall be entitled to change any such address to any other address by not less than ten days notice to the other party.

25.3 Delivery by hand shall be effective when made. Delivery by telex shall be deemed to be effective on the business day following the day when the "answer back" appears on the sender's telex machine. Delivery by facsimile shall be effective when the "transmit confirmation report" confirming the transmission to the recipient's published facsimile number is received by the transmitter. Delivery by registered airmail shall be deemed to be effective 21 days after posting.

25.4 Notice to the designated representative of the Contractor shall constitute effective notice to the Contractor for all purposes under this contract, and the designated representative shall be the Contractor's agent for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

25.5 Notice to the Secretary-General shall constitute effective notice to the Authority for all purposes under this contract, and the Secretary-General shall be the Authority's agent for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

Section 26

Applicable law

26.1 The rights and responsibilities of the contracting parties with regard to the exploration area shall be governed solely by this contract.

26.2 This contract shall be governed by its terms, the Regulations, Part XI of the Convention, the Agreement and other rules of international law not incompatible with the Convention.

26.3 The Contractor, its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this contract shall observe the applicable law referred to in section 26.2 hereof and shall not engage in any transaction, directly or indirectly, prohibited by the applicable law.

26.4 Nothing contained in this contract shall be deemed an exemption from the necessity of applying for and obtaining any permit or authority that may be required for any activities under this contract.

Section 27

Interpretation

The division of this contract into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

Section 28

Additional documents

Each party hereto agrees to execute and deliver all such further instruments, and to do and perform all such further acts and things as may be necessary or expedient to give effect to the provisions of this contract.